

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/14):
BUTTER: Grade AA closed at \$1.1925. The weekly average for Grade AA is \$1.1183 (+.0800).

CHEESE: Barrels closed at \$1.1800 and blocks at \$1.2050. The weekly average for barrels is \$1.1890 (-.0270) and blocks, \$1.2210 (-.0400).

NONFAT DRY MILK: Extra Grade closed at \$1.0150 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0150 (N.C.) and Grade A is \$1.0500 (N.C.).

BUTTER: The market tone is mixed, although cash trading prices at the Chicago Mercantile Exchange are firm. Many producers and handlers are puzzled at the recent firmness in cash prices in light of heavy milk volumes and growing stocks. Cream demand is becoming more competitive but in most instances, cream volumes are sufficient to maintain active churning schedules. In some areas, churning is slightly lower as various operations have decided to sell portions of their cream rather than churn at this time. Demand is mixed. Orders vary from strong, for those buyers preparing for the upcoming summer vacation season, to lighter for those that are hesitant to place too large an order in anticipation of lower prices down the road. Stocks are reported to be fully sufficient for current needs.

CHEESE: The cheese market is weak and cash prices are lower on both blocks and barrels. Some buyers are reacting to declining prices by delaying orders to allow for potentially even lower prices. Others are just maintaining good working inventories. More traders are wondering whether cash prices may reach or approach the CCC support purchase prices of \$1.07 for barrels and \$1.10 for blocks. Overall cheese offerings have increased, reflecting generally slower sales and seasonally heavy cheese production.

FLUID MILK: Milk production is higher in most areas of the country. In Florida and neighboring states, milk output is steady to lower. Milk production is steady to increasing in the Northeast, Upper Midwest, Southwest, and the Pacific Northwest. In the Mountain States, it remains cold and milk production is not increasing as historical patterns might indicate. Milk supplies are more than ample for the generally slow to fair bottled milk demand. Surplus milk volumes are heavy and manufacturing plants are, for the most part, running at or near capacity levels. Cream demand has improved in all sections of the country. Supplies have tightened and spot prices are often higher. Ice cream, both hard and soft serve, output and sales are increasing along seasonal patterns.

DRY PRODUCTS: Dry product markets are little changed from the past several weeks. Prices are steady to lower and most markets are weak. Production of NDM is heavy and many Western and some Midwestern producers continue

to clear powder to CCC. Spot demand for NDM is slow to fair and purchases are often on an as needed basis. The dry whey market is also weak with prices steady to lower. Production levels are heavy and offerings are more than ample for the current lackluster demand. The dry buttermilk market is steady at weak levels. Improved sales of liquid buttermilk and lighter churning activity did help ease drying schedules this week. The WPC market remains weak with prices unchanged. The Lactose market is mostly steady.

CCC: During the week of May 10 - 14, CCC net purchases of NDM totaled 7,855,155 pounds from Western and Midwestern producers.

MAILBOX MILK PRICES (DAIRY PROGRAMS): In February 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.02 per cwt., \$2.41 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.56, down \$1.79; Southeast, \$18.93, down \$.11; Midwest, \$14.22, down \$3.22 and West, \$14.09 down \$2.52. Compared to February 1998, mailbox milk prices, on average, increased \$.55 per cwt.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK (WAOB): Recent high milk prices and moderate feed costs are expected to result in growth in dairy production through 1998/99 and into 1999/2000. Continued growth in milk per cow is expected to drive milk production higher. Demand is forecast to remain firm, but prices are forecast to decline through 1999/2000 due to increased supplies. The May projection for 1999/2000 milk production is 165.3 billion pounds, up 2.4% and commercial use is set at 166.7 billion pounds, up 2.0% from the most recent 1998/99 projections.

ADDITIONAL TONNAGE AVAILABLE UNDER DEIP (FAS): Agriculture Secretary Dan Glickman announced that the USDA's Dairy Export Incentive Program (DEIP) will make an additional 50,000 metric tons (MT) worth of export subsidies available until June 30, 1999, to support exports of U.S. dairy products. Exporters can now bid for DEIP subsidies for an additional 45,177 MT of nonfat dry milk, 7,500 MT of whole milk powder, and 1,270 MT of cheese. For nonfat dry milk, 20,000 MT are eligible immediately and continuing through June 30, 1999, with the remaining 25,177 MT available in roughly equal quarterly amounts of about 6,300 MT during the 1999/2000 GATT year (July 1, 1999 - June 30, 2000). For whole milk powder and cheese, the additional tonnage is available immediately and continuing through June 30, 2000. To minimize the effect on dairy suppliers in sensitive Asian markets, the additional DEIP tonnage is limited to the Caribbean, Central and South America region, and the Africa and Middle East region. For program information, contact the CCC Operations Division of FAS at (202)720-5540.

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CHICAGO MERCANTILE EXCHANGE CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 10	TUESDAY MAY 11	WEDNESDAY MAY 12	THURSDAY MAY 13	FRIDAY MAY 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2000 (N.C.)	\$1.1925 (-.0075)	\$1.1900 (-.0025)	\$1.1825 (-.0075)	\$1.1800 (-.0025)	-.0200	\$1.1890 (-.0270)
40# BLOCKS	\$1.2300 (N.C.)	\$1.2275 (-.0025)	\$1.2275 (N.C.)	\$1.2150 (-.0125)	\$1.2050 (-.0100)	-.0250	\$1.2210 (-.0400)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0150 (N.C.)	\$1.0150 (N.C.)	\$1.0150 (N.C.)	\$1.0150 (N.C.)	\$1.0150 (N.C.)	N.C.	\$1.0150 (N.C.)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA	\$1.0725 (N.C.)	-----	\$1.0900 (+.0175)	-----	\$1.1925 (+.1025)	+.1200	\$1.1183 (+.0800)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - May 10 - 14, 1999

MONDAY, MAY 10, 1999

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.1975, 1 @ \$1.2000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.2000; 3 CARS 40# BLOCKS @ \$1.2300
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 18 CARS: 6 @ \$1.0525, 3 @ \$1.0500, 5 @ \$1.0000, 4 @ \$0.9500; OFFERS UNCOVERED: 2 CARS : 1 @ \$1.1200, 1 @ \$1.1300

TUESDAY, MAY 11, 1999

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.1900, 1 @ \$1.2000, 1 @ \$1.1900, 1 @ \$1.1925; 21 CARS 40# BLOCKS: 2 @ \$1.2275, 1 @ \$1.2300, 10 @ \$1.2275, 1 @ \$1.2250, 1 @ \$1.2275, 1 @ \$1.2250, 1 @ \$1.2275, 1 @ \$1.2250, 1 @ \$1.2275, 1 @ \$1.2250, 1 @ \$1.2275; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.1925, 1 @ \$1.1950, 2 @ \$1.2000; 5 CARS 40# BLOCKS: 2 @ \$1.2275, 3 @ \$1.2300
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MAY 12, 1999

CHEESE -- SALES: 15 CARS 40# BLOCKS: 2 @ \$1.2200, 3 @ \$1.2225, 2 @ \$1.2250, 1 @ \$1.2275, 2 @ \$1.2250, 1 @ \$1.2275, 1 @ \$1.2250, 1 @ \$1.2275, 1 @ \$1.2250, 1 @ \$1.2275; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1700; OFFERS UNCOVERED: 4 CARS BARRELS: 1 @ \$1.1900, 3 @ \$1.1925
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS : 1 @ \$1.1025, 1 @ \$1.0925, 2 @ \$1.0825, 1 @ \$1.0800, 1 @ \$1.0775, 1 @ \$1.0750, 1 @ \$1.0775; BIDS UNFILLED: 22 CARS: 1 @ \$1.0900, 1 @ \$1.0800, 4 @ \$1.0775, 3 @ \$1.0725, 2 @ \$1.0575, 2 @ \$1.0550, 5 @ \$1.0525, 2 @ \$1.0500, 2 @ \$0.9500; OFFERS UNCOVERED: 2 CARS @ \$1.1300

THURSDAY, MAY 13, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.1825, 4 @ \$1.1900; 10 CARS 40# BLOCKS: 1 @ \$1.2150, 1 @ \$1.2250, 8 @ \$1.2275
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MAY 14, 1999

CHEESE -- SALES: 3 CARS BARRELS @ \$1.1800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.1800, 4 @ \$1.1825, 10 CARS 40# BLOCKS: 1 @ \$1.2050, 9 @ \$1.2150
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS: 3 @ \$1.1800, 1 @ \$1.1850, 1 @ \$1.2000, 2 @ \$1.1900; BIDS UNFILLED: 32 CARS: 2 @ \$1.1925, 1 @ \$1.1825, 3 @ \$1.1800, 1 @ \$1.1750, 1 @ \$1.1450, 1 @ \$1.1400, 1 @ \$1.1250, 2 @ \$1.1225, 2 @ \$1.1100, 2 @ \$1.1050, 2 @ \$1.1000, 3 @ \$1.0975, 5 @ \$1.0900, 2 @ \$1.0800, 4 @ \$0.9500; OFFERS UNCOVERED: 1 CAR @ \$1.2100

BUTTER MARKETS**NORTHEAST**

The market tone is mixed. Contacts, seeing prices at the CME increase each day of trading last week wonder how prices can move higher in the face of growing stocks. Cream supplies were tighter last week, but still excess volumes were available to butter/powder plants. However, butter makers seemed less willing to pay increasing multiples that were being reported by some suppliers. Surplus milk volumes are still heavy, but improved Class II cream use did reduce volumes moving to some butter makers. Demand for bulk and print butter is fair, but buyers are not real sure about near term prices. Some feel that prices may dip again when milk production peaks in the Northeast and schools let out which pushes additional volumes of milk into manufacturing channels. Retail and food service print orders are a little slower this week.

CENTRAL

Butter markets are firm following continued cash trading increases of AA butter at the Chicago Mercantile Exchange. Butter producers have mixed opinions as to what is happening with cash prices. Some are stating that higher cash prices will allow producers to acquire needed cream, while others state that higher butter prices means higher cream prices. Stocks of butter also vary. Some producers and handlers are comfortable with current conditions and are clearing steady volumes of butter with others holding onto additional stocks for future use. Orders for both bulk and print butter are active. Scattered retail promotional activity is occurring at prices under \$1.00 per pound.

WEST

Most Western contacts believe that increasing demand from ice cream manufacturers for cream is what is behind the increase in the cash butter price. Butter demand is rated as very good. Bulk continues to leave the region to fill needs in other parts of the country. Print orders are excellent, especially in those areas where feature activity is occurring. Retail and food service operations are gearing up for the summer vacation season. Seasonal resort areas will be active in the near future. Butter production is actually down slightly at some operations that have decided to sell some cream rather than churn it at this time. This is happening even with milk production approaching the seasonal peak.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
MAY 8	1.2990 4,706,459	1.2327 11,003,871	1.0064 14,484,427	0.9648 6,251,702	0.1745 5,298,551

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are lower on process and natural cheddar items, unchanged on Swiss. The market tone is weak. Trading levels at the CME have moved lower and buyers are proceeding with caution. Some contacts wonder how far and how soon prices will drop. Most buyers, thinking prices will slide further, are purchasing only replacement volumes. After a good sales-period prior to Mothers' Day, food service orders are slowing. Process sales are holding up as fast food outlets have features in progress. Also, orders for Memorial Day are showing up as seasonal outlets prepare to open along The Shore. Cheese production is moderate to heavy as milk supplies are increasing in the Northeast. Retail sales are slow to fair, but June Dairy Month promotions are being planned and stores are stocking up on cheese.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2600-1.7475
Cheddar Single Daisies	:	1.2325-1.7475
Cheddar 40# Block	:	1.4025-1.5475
Process 5# Loaf	:	1.4125-1.5625
Process 5# Sliced	:	1.4325-1.6625
Muenster	:	1.4400-1.7425
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market remains weak and prices continue to trend lower. The Chicago Mercantile Exchange block price on May 7, at \$1.2300, is 2 cents above the May 7, 1998 close. The barrel cash price for comparison, was the same (\$1.20) on May 7 in both years. However in May 1998, prices were increasing, something not anticipated in May 1999. Cheese demand continues to be affected by recent price declines as buyers delay purchases, waiting for price stability or lower prices. Some accounts are keeping just working inventories. Cheese offerings are increasing. Orders from summer tourist outlets are working through the pipeline for the upcoming Memorial Day weekend. A few processors have yet to see the usual seasonal shift from natural varieties over to process. Swiss producers are generally seeing better sales since prices have declined from earlier in the year. Cheese production is nearing annual peak levels, normally occurring within the next month or so. Plant capacities are being challenged by the milk supply at most locations with additional pressure expected when schools close for the summer. Cheese yields are slipping as fat and protein tests decline.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3950-1.6500
Brick And/Or Muenster 5#	:	1.6500-1.7300
Cheddar 40# Block	:	1.5225-2.1150
Monterey Jack 10#	:	1.7125-2.1150
Blue 5#	:	1.8575-2.2200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5925-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MAY 10 - 14, 1999
BARRELS*	:	\$1.1900 - 1.2150 (NOMINAL)
	:	(-\$0.0375) (-.0350)
40# BLOCKS	:	\$1.2175 - 1.2600 (NOMINAL)
	:	(-\$0.0700) (-.0675)

() Change from previous week. * If steel, barrel returned.

WEST

Prices for most styles and varieties of cheese declined again this week. Offerings of all types of cheese are increasing. Buyers are generally hesitant to purchase any extra cheese if they feel there is a strong probability that prices may decline further in the near term. Some operations are looking to store some natural cheese for future needs at these relatively good price levels. Process cheese interest remains strong as the summer grilling season begins in earnest. Mozzarella demand remains excellent. Swiss production is trending higher as more milk becomes available for processing. The market continues to have a weaker undertone.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3700-1.6250
Cheddar 40# Block	:	1.3825-1.5225
Cheddar 10# Cuts	:	1.5725-1.7825
Monterey Jack 10#	:	1.5925-1.7450
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN

Domestically made cheese prices are generally lower with imported still reported as steady. The market tone has changed little in the past several weeks. Demand is slow to fair following a small spike in sales just prior to Mothers' Day. The European Commission has raised export subsidies on a wide range of cheeses to destinations except the U.S. and some other countries where special refunds already exist. Blue-veined, process and grated cheeses are not covered by the increases, but Dutch Gouda and Edam are among those that are effected.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.5950-2.2050*
Gorgonzola	: 3.2400-5.9400	: 2.2500-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0050-3.0350*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5950-1.8800*
Romano (Cows Milk)	: -0-	: 2.7750-5.0050*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

*CORRECTION ON LAST WEEKS'S CHEESE NUMBERS

	BUTTER	CHEESE	CHEESE 5/3*
05/10/99	18,318	: 117,046	116,061*
05/01/99	17,142	: 115,299	115,299*
CHANGE	1,176	: 1,747	762*
% CHANGE	7	: 2	1*

The expected U.S. estimate as of May 1:
Cheese 448 million pounds plus or minus 3.17 percent

FLUID MILK AND CREAM

E A S T

Milk production ranges from slightly lower in Florida and other Southeastern states to increasing slowly in the Northeast. Contacts note that the milk flow in New England is generally steady. Recent rainfall has "greened" things up nicely, but they are several weeks away from cows being put "on grass." In the Middle Atlantic area, grass is being fed and milk output is increasing along typical patterns. In Florida, the weather is hotter, but not hot enough to have a significant impact on milk production. Florida handlers expect to ship 70-75 loads out of state this week. This compares to zero loads during the same week last year. Bottled milk sales are steady at slow to fair levels throughout the East. Surplus milk volumes are still quite heavy, but more manageable than they have been. Some distressed loads of milk and condensed skim have been reported, but volumes of both are dropping. Some plants continue to ship milk to other outlets on predetermined agreements. Southeastern manufacturing plant schedules are little changed from past weeks. The condensed skim market is mostly steady, but prices have advanced now that we are in May. Class II wet solids sales are fair to good. Demand for Class III condensed skim is fairly decent and some shipments to Midwestern cheese makers continue. The fluid cream market is firmer. Supplies are still reported as tight and spot prices are up as both the CME butter weekly average and multiples increased. Demand is improved from cream cheese and ice cream makers. Also, as weather improves, production and sales of soft serve mix are increasing. Ice cream production is seasonally heavier. Retail sales are better. Some retail features for ice cream are in effect. Bottled cream production is up slightly. Churning activity is moderate now that increased cream usage in other products is reducing the volumes available to butter makers. Some butter producers are a little more aggressive in their quest for cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.3186-1.4432
Delivered Equivalent Atlanta	-	1.2875-1.4536 M 1.3290-1.4017
F.O.B. Producing Plants: Upper Midwest	-	1.3602-1.4017

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9000 - 1.2500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MAY 7 - 13, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I sales are fairly steady with recent weeks. Promotional activity is aiding movement in some markets. Ice cream and dip production are seasonally strong as warmer weather and the upcoming holiday weekend orders spur interest from some accounts. Cottage cheese output is relatively steady. Reported local surplus milk prices range from 50 cents under class to 25 cents over class. Cream prices are higher, reflecting the increase in cash butter prices and higher multiples. Manufacturing plant operating schedules remain seasonally heavy with a little capacity still being reserved at some plants for the peak expected in Wisconsin, Michigan, and Minnesota in the next month or so, and for holiday weekend "specials." Milk production is mixed, generally ranging from steady to slight increases in week to week receipts. Fat and protein tests are declining seasonally. In the eastern part of the region, local receipts are increasing but surplus offerings from outside the region are not as plentiful. The usual irregular pattern of the spring production peaks moving north is continuing. Farmers have been making good progress on spring planting, particularly corn. As usual, a number of wet spots are being worked/planted around. Alfalfa growth has perked up with warmer temperatures with first cutting likely to start in the

northern tier of states within a couple of weeks, depending on weather. Further south in the mid-tier of states, some haylage has been chopped.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 6 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 37.00- 41.00
REPLACEMENT HEIFER CALVES	\$205.00-250.00	\$120.00-155.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 6 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 46.00	\$ 36.50- 41.75

W E S T

Milk production continues to outpace year ago levels across much of the Southwest. Weather conditions remain favorable for good cow comfort and the milk flow is responding favorably. Feed prices and availability are positive factors on dairy producers' side, while lower milk prices are working against them. California remains in a pattern of generally warm temperatures during the day, but cooler at night. Cow stress is minimal. Alfalfa and haylage harvests are progressing well with good feed quality noted. Most milk processing plants are running at capacity levels in the state. Additional milk is expected as peak production levels move northward. Production is also higher and above year ago levels in Arizona and New Mexico. Warmer weather is occurring, but not to expected levels and production is not being affected much. Hay quality is very good for new cuttings. Western cream prices are increasing as the butter price at the CME increases. Cream sources are noting increased demand and are not able to fill all current orders. Ice cream demand is increasing, but limited in California where Class II prices will fall sharply for June/July. Some processors are preparing now for the exodus of cream to ice cream plants and are producing products to cover as much of that time period as possible. Others are basing decisions on the statistics that show milk production (and its associated butterfat) up from year ago levels and they expect a less volatile butter/cream market this summer, especially when compared to the fluctuations the last two years. Condensed skim prices are low to entice buyers of low-priced milk and NDM. Milk production continues to increase along seasonal patterns in the Pacific Northwest. Some contacts are calling weather conditions nearly ideal for heavy spring production. Other contacts note the cool and wet conditions have slowed pasture growth dramatically and have delayed hay cutting. Some producers are having to make added dry hay purchases that they had not planned on because of the lack of new crop forage. Producers do continue to contract a large portion of their future concentrate feed needs because of favorable price quotes. Culling levels remain lighter than most people had anticipated for May. Heifer prices in the Northwest are moving lower, but a monthly heifer auction for top quality animals found very good buyer interest and higher prices. With cheese and butter prices moving in opposite directions, plants in the region are carefully monitoring which way the tilt is pointing at this time. Record setting snows continue to fall in the Cascades. One area reports more than 93 feet of snow with the likelihood that many high country roads will not be opened this summer. The present cool temperatures raise the issue of spring flooding even higher. It will eventually warm up and that means all the snow left could melt rapidly versus more slowly over a longer period of time. Conditions remain cold in Utah and Idaho. Frost and snow flurries are common. Most hay growers comment that alfalfa has not grown at all in the last ten days. Most plant intakes report that SCC tests are still at reasonable levels considering the current weather conditions. Most plants expect to be at capacity levels this spring. A couple of new operations and present expansions should help somewhat with capacity issues by next spring. Extremely heavy movements of feeder hay are noted out of Idaho this past week.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 05/13/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to lower and the market tone remains weak. Product is difficult to move as there is limited interest. Buyers are purchasing on an as need basis. Midwest producers have again offered product to the government. Heavy discounts are being reported on off grade product. Stocks are ample and building. Drying schedules remain heavy with the available and abundant milk supplies. Most contacts do not anticipate any major changes in the market until at least mid summer.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0075 - 1.0375 MOSTLY: 1.0100 - 1.0150

DRY BUTTERMILK - CENTRAL

Prices remain unchanged on a weak market. Producers continue to move condensed in an attempt to avoid drying costs. Condensed product is readily available to ice cream makers. Inventories are mostly in balance for current needs. Aged product is less common on the market. Demand continues to be light. Most contacts believe this is the bottom of the market and any increased interest will offer a direct increase in price.

BUTTERMILK: .6800 - .7400

DRY WHEY - CENTRAL

Prices are unchanged to lower on a weak market. Condensed whey remains available at attractive prices. Milk intakes into cheese facilities remain heavy creating a steady production of whey. Export demand has shown some improvement. Overall demand however remains light. Inventories are adequate to ample and building. Some contacts are waiting for the spring time flush and school breaks to see where the market will settle. Others believe that this is the bottom. Producers with contracts remain in the best position.

NONHYGROSCOPIC: .1400 - .1850 MOSTLY: .1675 - .1775

ANIMAL FEED WHEY - CENTRAL

Prices are mostly unchanged on milk replacer and unchanged to lower on delactose and roller ground. The market tone is weak. Traders are uninterested in moving animal feed items due to the lackluster demand. Competitively priced edible whey is also available to the feed market. Year to date slaughter on calves is down 12.4% compared to last year. The undertone on veal is unsettled to weak.

MILK REPLACER: .1300 - .1675
STANDARD: TFEWR
ROLLER GROUND: .1675 - .1825
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Lactose continues to move well into domestic, feed, and export markets. New opportunities are appearing on export markets causing producers some conflicts in how to meet demand. Supplies remain in balance to instances tight with the lower mesh sizes the most available. Producers with contracts are in the best position. Spot interest is sometimes difficult to fulfill. Most plants continue to operate at capacity levels.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2050 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and the market tone is weak. While supplies of WPC are plentiful, the market has somewhat stabilized at the current level. The most attractive prices are available from the West. Some producers report new interest from food and feed channels. Others report slow movement with a weak veal market diverting available feed WPC into edible channels. Producers willing to sell at the lower end of the range are able to clear product and establish a better position over last week. Condensed product is readily available although in better balance with current interest. Production is steady as ample milk supplies filter into all dry products markets.

EXTRA GRADE 34% PROTEIN: .4050 - .4750 MOSTLY: .4500 - .4700

NONFAT DRY MILK - WEST

The nonfat dry milk market remains weak and is typified by the lower mostly range. Prices in the entire range are mixed. The market could get a boost by an anticipated reallocation of DEIP NDM in the amount of approximately 45,000 MT. Increased DEIP sales would most likely be powder that is currently being offered to the CCC. Producers continue to discount prices to move product and to remain competitive with lower prices offered by other producers and resellers. Production schedules remain active in the region. Offerings to the CCC continue to be used to balance stocks. Overall, stock levels remain excessive. During the week of May 3 - 7, CCC net purchases totaled 10,157,852 pounds of NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9500 - 1.0400 MOSTLY: .9700 - 1.0100
HIGH HEAT: 1.0300 - 1.0400

DRY BUTTERMILK - WEST

Dry buttermilk prices continue to trend lower. The market tone remains weak. Drying schedules are high and producer offerings are increasing. Sales are slower than most contacts could have anticipated. Lowering prices gains a few additional sales, but producers do not want to keep lowering prices and not clear stocks. Also, sales of condensed buttermilk are slower. Inventory levels remain heavy.

BUTTERMILK: .6400 - .7000 MOSTLY: .6400 - .6600

DRY WHEY - WEST

The Western whey market continues to be rated as weak. Most manufacturing plants are operating on heavy schedules and have more whey than they had budgeted for in their production plans. Offerings remain very heavy. Export interest is about steady with a new tender to be announced in the next few weeks. Many contacts wonder if the U.S. or the EU will get more of the tender. Domestic sales are fair at best. There is serious competition from other regions of the country. Some contacts are wishing/hoping for a bottom to the price decline soon, but with the heavy stocks on hand, most believe it will be into June before there is much possibility of stability. Offerings of animal feed grade whey are increasing.

NONHYGROSCOPIC: .1650 - .1850 MOSTLY: .1700 - .1750

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended May 7, on powder sales of 8,845,922 pounds f.o.b. California manufacturing plants was \$1.0071 per pound. This compares to 13,328,597 pounds at \$1.0095 for the previous week ending April 30, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone remains weak. Production levels remain heavy, but somewhat tempered this week by what some called "decent" sales of condensed skim. Milk output is still increasing in the Northeast and some producers are diverting milk to other outlets. In the Southeast, milk is not as burdensome as it was, but volumes remain significant. Producer stocks are accumulating and some dryers lowered prices to stimulate sales. Several Eastern producers are now pricing multi-load sales below the support purchase price. Spot demand for NDM is slow with DEIP and domestic contracts making up the bulk of shipments.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0600 MOSTLY: 1.0100 - 1.0300

HIGH HEAT: 1.0300 - 1.1100 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged, but some adjustments lower within the Northeast range were noted. The market tone remains weak. However, churning activity is off slightly which is helping keep powder stocks from accumulating. Producer stocks are adequate to fully adequate to meet current needs. Demand for powder is slow to fair, but the call for liquid/condensed buttermilk is improving seasonally.

F.O.B. NORTHEAST: .6900 - .7200

DELVD SOUTHEAST: .7100 - .7650

DRY WHOLE MILK - NATIONAL

Prices are unchanged to slightly higher. The announcement of the April Class III milk prices caused many producers to adjust their prices. Production levels are light to moderate and generally geared to meeting existing orders. Plant stocks are closely balanced with needs. Demand is seasonally slow to fair.

F.O.B. PRODUCING PLANT: 1.1300 - 1.3575

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH MAY 7, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 84,212 MT* (185,653,773 LBS)

WHOLE MILK POWDER -- 5,003 MT* (11,029,613 LBS)

CHEESE -- 3,011 MT (6,638,051 LBS)

BUTTERFAT -- 395 MT (870,817 LBS)

REALLOCATED NDM -- 26,258 MT* (57,888,386 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

* Program allocations and reallocated volumes have been filled.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged. Although weak, the Eastern dry whey market is not as weak as it appears to be in the Midwest. Grade A whey producers' stocks are light to closely balanced. However, Extra Grade makers do have powder to clear, but they are not burdened with it. Some price discounts from normal basing points continue in an effort to keep Extra Grade moving. Production levels are moderate to heavy. Cheese makers have as much milk as they would like available to them and most are operating at or near capacity. Spot demand for dry whey is, at best, slow. Some scattered improvement was noted for Grade A, but this may have been users picking up normal, monthly replacement volumes.

F.O.B. NORTHEAST: EXTRA GRADE .1550 - .1700

USPH GRADE A .1850 - .1925

DELVD SOUTHEAST: .1700 - .2100

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. The market tone is still weak, but scattered reports indicate some slight improvement in the hog market which may translate into better animal feed whey sales in that segment of the market. However, most contacts continue to report steady, slow sales to animal feed makers/users. Offerings of both "down graded" and Extra Grade whey are readily available.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production is moderate to heavy as milk supplies are reaching the annual peak in some parts of the country. Producer stocks are light to moderate. Typically, this is a time of year when producers take advantage of all the milk that is available and rebuild inventories. Particularly if there is attractively priced milk looking for a home. Demand is mostly for replacement volumes.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are unchanged, although the market tone remains weak. Buyers report readily available stocks of both acid and rennet on a contractual and spot basis. Most domestic buyers indicate that spot offerings at favorable prices continue to be made available to them. Some are able to take advantage of the spot offerings while others are fully committed to contracts. Conversations among casein users about the potential development of a casein production plant in the U.S. continues. The major question is what will domestically produced casein cost in comparison to imported volumes.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8600 - 1.9500

ACID: 1.8400 - 1.9500

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	04/28	04/29	04/30	05/03	05/04	05/05	05/06	05/07	05/10	05/11
CSCE/NYBT - BFP -- Dollars per cwt.										
APR 99	11.62 (180) 1	11.60 (180) 5	11.59 (180) 0	11.80 (180) 0	11.80 (176) 5					
MAY 99	11.17 (113) 1	11.20 (113) 2	11.21 (113) 0	11.33 (114) 1	11.43 (115) 1	11.23 (121) 7	11.18 (125) 4	11.21 (125) 0	11.23 (125) 0	11.25 (126) 1
JUN 99	10.95 (127) 1	11.00 (127) 1	11.00 (127) 0	11.03 (127) 0	11.14 (127) 0	10.94 (127) 2	10.87 (127) 4	10.88 (128) 1	10.82 (128) 0	10.83 (128) 0
JUL 99	11.37 (70) 0	11.42 (70) 2	11.38 (70) 1	11.42 (70) 0	11.53 (70) 0	11.38 (70) 0	11.35 (70) 1	11.36 (70) 1	11.36 (70) 10	11.35 (70) 1
AUG 99	12.24 (81) 1	12.27 (81) 0	12.23 (82) 1	12.28 (83) 1	12.35 (83) 0	12.30 (84) 1	12.28 (84) 0	12.35 (84) 0	12.40 (85) 1	12.43 (85) 1
SEP 99	12.60 (80) 0	12.60 (80) 0	12.60 (80) 0	12.65 (80) 0	12.64 (80) 0	12.63 (80) 0	12.63 (80) 0	12.66 (81) 1	12.65 (83) 2	12.66 (83) 0
OCT 99	12.83 (87) 1	12.85 (87) 0	12.86 (87) 0	12.83 (87) 0	12.83 (87) 0	12.85 (88) 1	12.85 (89) 1	12.85 (90) 1	12.85 (90) 0	12.85 (90) 0
NOV 99	12.75 (55) 1	12.77 (55) 0	12.77 (55) 0	12.78 (55) 0	12.79 (55) 0	12.73 (56) 1	12.73 (57) 1	12.73 (57) 0	12.77 (57) 0	12.78 (57) 0
DEC 99	12.59 (46) 1	12.59 (46) 0	12.59 (46) 0	12.59 (46) 0	12.59 (46) 0	12.54 (46) 0	12.52 (46) 0	12.52 (46) 0	12.52 (46) 0	12.52 (46) 0
JAN 00	12.15 (8) 0	12.15 (8) 0	12.17 (8) 0	12.17 (8) 0	12.18 (8) 0	12.18 (8) 0	12.15 (8) 0	12.15 (8) 0	12.15 (8) 0	12.20 (8) 0
FEB 00	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0
MAR 00						12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0

CME - BUTTER -- Cents per pound

MAY 99	100.00 (105) 1	105.00 (118) 13	105.00 (122) 17	107.50 (127) 9	107.50 (127) 3	107.50 (120) 27	108.75 (134) 129	109.50 (115) 22	110.75 (118) 3	113.00 (108) 37
JLY 99	103.10 (128) 1	107.00 (128) 0	107.00 (128) 0	110.05 (128) 0	110.05 (128) 0	109.10 (128) 7	110.00 (132) 6	112.50 (133) 0	115.00 (135) 2	117.50 (139) 10
SEP 99	107.25 (201) 1	112.00 (206) 6	111.75 (212) 6	114.05 (212) 0	114.05 (212) 0	113.025 (211) 6	116.00 (215) 7	117.00 (218) 5	119.00 (220) 2	119.00 (220) 0
OCT 99	109.00 (94) 5	112.55 (94) 0	112.55 (94) 0	115.025 (94) 0	115.025 (94) 0	115.025 (94) 0	117.025 (102) 25	118.00 (104) 20	121.25 (105) 1	122.00 (108) 3

CME - BFP -- Dollars per cwt.

APR 99	11.60 (904) 14	11.54 (909) 34	11.58 (909) 6	11.80 (837) 73	11.80					
MAY 99	11.21 (859) 9	11.19 (866) 14	11.20 (866) 25	11.42 (866) 17	11.48 (858) 20	11.25 (856) 55	11.19 (863) 82	11.24 (883) 39	11.25 (883) 31	11.24 (883) 5
JUN 99	10.98 (745) 13	10.99 (751) 6	11.00 (755) 7	11.12 (755) 3	11.18 (756) 12	10.93 (801) 59	10.90 (799) 31	10.86 (814) 35	10.82 (819) 10	10.82 (821) 6
JUL 99	11.40 (626) 14	11.40 (626) 0	11.35 (628) 3	11.41 (637) 18	11.53 (648) 37	11.40 (684) 67	11.35 (709) 72	11.40 (730) 40	11.40 (749) 35	11.30 (754) 5
AUG 99	12.21 (624) 10	12.25 (624) 5	12.15 (629) 7	12.24 (629) 0	12.33 (629) 10	12.30 (639) 11	12.24 (642) 10	12.30 (643) 4	12.40 (637) 19	12.39 (637) 18
SEP 99	12.62 (378) 13	12.63 (379) 2	12.63 (380) 4	12.64 (380) 2	12.69 (380) 11	12.63 (381) 5	12.63 (381) 9	12.63 (381) 1	12.66 (382) 9	12.70 (387) 5
OCT 99	12.85 (346) 6	12.85 (346) 0	12.85 (347) 5	12.85 (347) 0	12.90 (346) 3	12.87 (346) 1	12.87 (345) 1	12.82 (345) 1	12.85 (346) 1	12.87 (347) 1
NOV 99	12.73 (260) 6	12.75 (261) 1	12.75 (262) 2	12.77 (262) 2	12.78 (261) 1	12.73 (260) 4	12.70 (262) 2	12.70 (262) 1	12.75 (262) 1	12.75 (262) 0
DEC 99	12.63 (130) 10	12.64 (134) 4	12.64 (136) 2	12.60 (137) 1	12.60 (137) 0	12.57 (139) 6	12.57 (139) 0	12.51 (140) 1	12.55 (142) 2	12.55 (144) 0
JAN 00	12.19 (31) 1	12.19 (32) 1	12.19 (32) 0	12.19 (32) 0	12.19 (35) 3	12.19 (35) 0	12.19 (35) 0	12.19 (35) 0	12.19 (35) 0	12.22 (40) 6
FEB 00	12.01 (3) 3	12.01 (3) 0	12.00 (4) 1	12.00 (6) 2	12.00 (6) 0	12.00 (11) 5	12.00 (11) 0	12.00 (11) 0	12.18 (13) 2	12.20 (13) 2

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.
For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 3 - 14, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: In many areas of Europe, milk production is at or near peak levels. Conditions have been very favorable for steady milk production growth during early spring and milk volumes are heavy. Most manufacturing plants are running at capacity levels to process the readily available volumes of fluid milk. For the most part, current manufactured dairy products are being held for future use as sales are not active. Due to lagging sales, milk handlers are questioning which direction they should direct the milk volumes to most efficiently and economically absorb the milk flush. Domestic sales activity is seasonally active, although international sales are slow. Dairy products are moving out of Europe from sales activity that occurred in past months, but no significant new sales are being reported. Some producers/handlers are reporting that some buyer interest is surfacing from Algeria, Mexico, and India, but no major agreements have been reported. European traders are waiting to see if the U.S. announces a re-allocation of unshipped skim milk powder and what this might do to sales potential, especially to Mexico.

BUTTER/BUTTEROIL: Butter prices are generally unchanged, although the market tone remains weak and unaggressive. Heavy milk production throughout Europe is generating readily available amounts of milk for butter operations, thus churning activity is strong. Limited international sales activity is causing heavy volumes to be offered to PSA with lighter offerings to intervention. Early figures indicate that PSA offerings are running about 33% heavier than this time last season.

82% BUTTERFAT:	1,350 - 1,500
99% BUTTERFAT:	1,650 - 1,800

SKIM MILK POWDER (SMP): European skim milk powder markets are generally steady. Prices are slightly higher on the low end of the reported range, but still below intervention levels. Most traders feel that prices are at the bottom of the pricing cycle and should not have to decline further to be competitive if significant buyer interest should develop. European traders are closely monitoring the rumored reallocation of U.S. DEIP powder and what impact this may have on potential buyer interest, especially from Mexico. Stock levels are reported to be building, although intervention offerings have slowed.

1.25% BUTTERFAT:	1,225 - 1,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady, although prices are slightly higher on the low end of the reported range. Buying interest remains light but sourcing product to fill previous commitments is occurring. No new significant sales have occurred in recent weeks, although ongoing small lot volumes continue to clear Eastern and Western Europe.

26% BUTTERFAT:	1,425 - 1,500
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SWEET WHEY POWDER: Whey markets are generally steady, although the undertone is weak and unaggressive. International buying interest is slow. Stocks of whey are building as cheese production is strong throughout Europe. Unaggressive cheese sales are causing some producers, if possible, to redirect available milk to other manufactured dairy products, thus whey stock growth should potentially also slow.

NONHYGROSCOPIC:	400 - 500
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OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe continues to build toward a seasonal peak. Weather patterns have generally been favorable for steady production growth. As in Western Europe, milk production is strong and production of manufactured dairy products is heavy. Limited international sales activity is slowing product movement. Thus, most current output is being put into inventory. Manufactured dairy products continue to move from the region, but in small lot volumes.

OCEANIA

OVERVIEW: The milk production season in the Oceania Region is nearing its seasonal end. Preliminary milk production totals in Australia and New Zealand are quite different from one another. In Australia, favorable weather and climate conditions have prevailed during the past production season and milk output is projected to be between 6 - 7% higher than last season. In Victoria, the major milk producing region of Australia, end of season milk production is strong and is running more than 10% heavier than the end of last season. In New Zealand, conditions were not as favorable and early figures are pegging annual output to be nearly 5% lower than last season. In light of the varying milk receipts in both countries, stock levels going into the winter season also vary. Australian stock levels are in better balance with demand while inventories in New Zealand are in close balance to tight. For both countries, butter is the most available dairy product. Overall international buying interest remains slow and unaggressive. Oceania traders do not foresee improvement in demand in the near future.

BUTTER: Butter markets remain weak. Prices are unchanged to lower. Stocks are reported to be fully adequate for current demand and additional volumes are available in both Australia and New Zealand for spot buyer interest or for business that may develop. At this time, no significant new buyer interest is occurring or expected to develop in the near future. Oceania traders feel that if buyer interest should occur, European produced butter will be very competitive.

82% BUTTERFAT:	1,150 - 1,500
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CHEDDAR CHEESE: Cheese markets are generally steady with prices unchanged to slightly lower. Cheese stocks are sufficient to maintain regular shipments for ongoing needs, although stocks for potential new buyer interest are tight. Oceania traders indicate that European sourced cheese potentially has a competitive advantage due to current export refunds.

39% MAXIMUM MOISTURE:	1,750 - 1,800
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SKIM MILK POWDER (SMP): Skim milk powder markets are generally unchanged from past weeks. Prices are basically steady. Traders report that market conditions are very quiet, thus prices have not had to react to competition from other sourcing areas of the world. Stocks in the Oceania region are reported to be in close balance to tight. For the most part, Oceania traders indicate that should international buyer interest develop, this part of the world might not be as active due to limited volumes of available powder.

1.25% BUTTERFAT:	1,225 - 1,325
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WHOLE MILK POWDER (WMP): Whole milk powder markets are unchanged. Prices are steady, although limited trading is cause for minimal price adjusting. Stocks are reported to be in close balance to tight. This inventory situation is not unusual for this time of the production season and especially in New Zealand where milk output is lagging last year.

26% BUTTERFAT:	1,400 - 1,550
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Exchange rates for selected foreign currencies: May 10, 1999

.4895 Dutch Guilder	.5515 German Mark
.1644 French Franc	.5592 New Zealand Dollar
.1077 Mexican Peso	.6664 Australian Dollar
1.6250 British Pound	.0083 Japanese Yen
.2574 Polish Zloty	1.0786 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1077) = 9.2850$. That is 1 US Dollar equals 9.3109 Mexican Pesos.

Source: "Wall Street Journal"

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for April 1999 is \$11.81 per hundredweight at 3.5 percent butterfat. The April Basic Formula Price is the March base month Minnesota-Wisconsin (M-W) price of \$11.86 at 3.5 percent minus a change of \$0.05, which is the change in the butter/powder/cheese formula from March to April 1999. The April 1999 Basic Formula Price is \$0.19 more than last month and \$0.20 less than the April 1998 Basic Formula Price. This Basic Formula Price is the Class III price for April 1999 and is to be used in June 1999 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 9.5 cents. **MILK COMPONENT CONTENTS.** For the March 1999 base month M-W price, the butterfat content was 3.86 percent, protein 3.21 percent, and solids-not-fat 8.63 percent. For the April 1999 Basic Formula Price, the butterfat content was 3.84 percent, protein 3.18 percent, and solids-not-fat 8.62 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	APRIL								MAY			JUNE	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1999
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	13.51	16.56	10.57	13.62	11.72	11.92	10.97	12.79	14.86	16.05	11.92	15.05	12.11
New York/New Jersey (NY City)	2 4/	13.41	16.46	10.65	13.70	11.80	12.00	11.05	12.87	14.76	15.95	12.00	14.95	12.19
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	13.30	16.35	10.57	13.62	11.74	11.94	10.99	12.81	14.65	15.84	11.92	14.84	12.11
Carolina (Charlotte)	5	13.35	16.40	10.57	13.62	11.81	12.01	11.06	12.88	14.70	15.89	11.92	14.89	12.11
Southeast (Atlanta/Birmingham)	7	13.35	16.40	10.57	13.62	11.81	12.01	11.06	12.88	14.70	15.89	11.92	14.89	12.11
Upper Florida (Jacksonville/Tallahassee)	6	13.85	16.90	10.57	13.62	11.81	12.01	---	---	15.20	16.39	11.92	15.39	12.11
Tampa Bay	12	14.15	17.20	10.57	13.62	11.81	12.01	---	---	15.50	16.69	11.92	15.69	12.11
Southeastern Florida (Miami)	13	14.45	17.50	10.57	13.62	11.81	12.01	---	---	15.80	16.99	11.92	15.99	12.11
Michigan Upper Peninsula (Marquette)	44	11.62	14.67	10.57	13.62	11.81	12.01	11.06	12.88	12.97	14.16	11.92	13.16	12.11
Southern Michigan (Detroit)	40 6/	12.02	15.07	10.57	13.62	11.81	12.01	11.06	12.88	13.37	14.56	11.92	13.56	12.11
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	12.27	15.32	10.57	13.62	11.81	12.01	11.06	12.88	13.62	14.81	11.92	13.81	12.11
Ohio Valley (Columbus)	33	12.31	15.36	10.57	13.62	11.81	12.01	11.06	12.88	13.66	14.85	11.92	13.85	12.11

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	APRIL								MAY			JUNE	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1999
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	12.17	15.22	10.57	13.62	11.81	12.01	11.06	12.88	13.52	14.71	11.92	13.71	12.11
Chicago Regional	30	11.67	14.72	10.57	13.62	11.81	12.01	11.06	12.88	13.02	14.21	11.92	13.21	12.11
Central Illinois (Peoria)	50	11.88	14.93	10.57	13.62	11.81	12.01	---	---	13.23	14.42	11.92	13.42	12.11
S. Illinois/E. Missouri (Alton)	32	12.19	15.24	10.57	13.62	11.81	12.01	---	---	13.54	14.73	11.92	13.73	12.11
Louisville/Lexington/Evansville	46	12.38	15.43	10.57	13.62	11.81	12.01	11.06	12.88	13.73	14.92	11.92	13.92	12.11
Upper Midwest (Minneapolis)	68	11.47	14.52	10.57	13.62	11.81	12.01	11.06	12.88	12.82	14.01	11.92	13.01	12.11
E. South Dakota (Sioux Falls)	76	11.77	14.82	10.57	13.62	11.81	12.01	---	---	13.12	14.31	11.92	13.31	12.11
Iowa (Des Moines)	79	11.82	14.87	10.57	13.62	11.81	12.01	11.06	12.88	13.17	14.36	11.92	13.36	12.11
Nebraska/W. IA. (Omaha/Sioux City)	65	12.02	15.07	10.57	13.62	11.81	12.01	11.06	12.88	13.37	14.56	11.92	13.56	12.11
Greater Kansas City	64	12.19	15.24	10.57	13.62	11.81	12.01	---	---	13.54	14.73	11.92	13.73	12.11
Southwest Plains (Oklahoma City)	106	13.04	16.09	10.57	13.62	11.81	12.01	11.06	12.88	14.39	15.58	11.92	14.58	12.11
Texas (Dallas)	126	13.43	16.48	10.57	13.62	11.81	12.01	11.06	12.88	14.78	15.97	11.92	14.97	12.11
Eastern Colorado (Denver)	137	13.00	16.05	10.57	13.62	11.81	12.01	---	---	14.35	15.54	11.92	14.54	12.11
Western Colorado (Grand Junction)	134	12.27	15.32	10.57	13.62	11.81	12.01	---	---	13.62	14.81	11.92	13.81	12.11
SW Idaho/Eastern Oregon (Boise)	135	11.77	14.82	10.57	13.62	11.81	12.01	10.94	12.79	13.12	14.31	11.92	13.31	12.11
Great Basin (Salt Lake City)	139	12.17	15.22	10.57	13.62	11.81	12.01	---	---	13.52	14.71	11.92	13.71	12.11
Central Arizona (Phoenix)	131	12.79	15.84	10.57	13.62	11.81	12.01	10.94	12.79	14.14	15.33	11.92	14.33	12.11
New Mexico/West Texas (Albuquerque)	138	12.62	15.67	10.57	13.62	11.81	12.01	11.06	12.88	13.97	15.16	11.92	14.16	12.11
Pacific Northwest (Seattle/Portland)	124	12.17	15.22	10.57	13.62	11.81	12.01	10.94	12.79	13.52	14.71	11.92	13.71	12.11
SIMPLE AVERAGE	---	12.59	15.64	10.57	13.62	11.80	12.00	11.03	12.86	13.94	15.13	11.92	14.13	12.11

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in June 1999 is \$15.05 per 100 pounds or \$1.29 per gallon (\$15.05 divided by 11.63 equals \$1.2941).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/												
CITY	MAY 1997			MAY 1998			APR 1999			MAY 1999		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	15.57	16.42	0.85	15.89	16.89	1.00	13.35	15.00	1.65	14.70	15.85	1.15
Baltimore, MD	14.64	15.69	1.05	15.99	17.44	1.45	13.30	14.05	0.75	14.65	16.35	1.70
Boston, MA **	14.85	15.98	1.13	16.20	16.83	0.63	13.51	13.99	0.48	14.86	15.34	0.48
Carbondale, IL	13.62	16.04	2.42	14.97	16.83	1.86	12.28	14.39	2.11	13.63	15.74	2.11
Charlotte, NC	14.69	17.21	2.52	16.04	17.24	1.20	13.35	15.00	1.65	14.70	15.85	1.15
Chicago, IL	13.01	15.44	2.43	14.36	16.35	1.99	11.67	13.60	1.93	13.02	14.95	1.93
Cincinnati, OH	13.72	15.24	1.52	15.07	16.82	1.75	12.38	14.23	1.85	13.73	15.43	1.70
Cleveland, OH	13.61	14.93	1.32	14.96	16.71	1.75	12.27	13.82	1.55	13.62	15.12	1.50
Dallas, TX	14.77	15.66	0.89	16.12	16.37	0.25	13.43	13.68	0.25	14.78	15.03	0.25
Denver, CO	14.34	14.49	0.15	15.69	15.84	0.15	13.00	13.65*	0.65*	14.35	16.10	1.75
Des Moines, IA	13.16	15.28	2.12	14.51	15.90	1.39	11.82	13.12*	1.30*	13.17	14.32	1.15
Detroit, MI	13.46	15.12	1.66	14.81	15.79	0.98	12.12	14.14	2.02	13.47	14.40	0.93
Hartford, CT **	14.75	15.88	1.13	16.10	16.73	0.63	13.41	13.89	0.48	14.76	15.24	0.48
Houston, TX	15.31	16.20	0.89	16.66	16.91	0.25	13.97	14.22	0.25	15.32	15.57	0.25
Indianapolis, IN	13.51	15.23	1.72	14.86	16.70	1.84	12.17	14.07	1.90	13.52	15.17	1.65
Kansas City, MO	13.53	15.30	1.77	14.88	16.22	1.34	12.19	13.39*	1.20*	13.54	14.59	1.05
Louisville, KY	14.38	15.12	0.74	15.73	16.73	1.00	12.38	13.63	1.25	13.73	14.73	1.00
Memphis, TN	13.72	15.02	1.30	15.07	15.97	0.90	13.04	13.84	0.80	14.39	15.19	0.80
Miami, FL	15.79	19.26	3.47	17.14	19.56	2.42	14.45	17.32	2.87	15.80	18.17	2.37
Milwaukee, WI	12.92	15.35	2.43	14.27	16.26	1.99	11.58	13.51	1.93	12.93	14.86	1.93
Minneapolis, MN	12.81	14.90	2.09	14.16	15.49	1.33	11.47	13.05	1.58	12.82	13.65	0.83
New Orleans, LA	15.26	16.50	1.24	16.61	17.61	1.00	13.92	14.37	0.45	15.27	15.72	0.45
Oklahoma City, OK	14.38	15.27	0.89	15.73	16.48	0.75	13.04	14.54	1.50	14.39	15.89	1.50
Omaha, NE	13.36	15.13	1.77	14.71	16.05	1.34	12.02	13.22*	1.20*	13.37	14.42	1.05
Philadelphia, PA	14.70	15.70	1.00	16.05	17.47	1.42	13.36	14.08	0.72	14.71	16.38	1.67
Phoenix, AZ	14.13	14.13	0.00	15.48	15.48	0.00	12.79	12.79	0.00	14.14	14.14	0.00
Pittsburgh, PA	13.61	14.41	0.80	14.96	16.16	1.20	12.27	12.77	0.50	13.62	14.12	0.50
St. Louis, MO	13.62	16.04	2.42	14.97	16.83	1.86	12.28	14.39	2.11	13.63	15.74	2.11
Salt Lake City, UT	13.51	13.66	0.15	14.86	15.01	0.15	12.17	12.42	0.25	13.52	13.77	0.25
Seattle, WA	13.51	13.81	0.30	14.86	15.26	0.40	12.17	14.30	2.13	13.52	15.00	1.48
Spokane, WA	13.51	13.81	0.30	14.86	15.26	0.40	12.17	14.30	2.13	13.52	15.00	1.48
Springfield, MO	13.80	14.45	0.65	15.15	16.15	1.00	12.46	13.96	1.50	13.81	15.31	1.50
Washington, DC	14.64	15.69	1.05	15.99	17.44	1.45	13.30	14.05	0.75	14.65	16.35	1.70
Simple Average	14.04	15.41	1.37	15.39	16.52	1.13	12.70	13.96	1.26	14.05	15.26	1.21

*Revised.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July 1997 to date. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
ANNUAL AVERAGES 1996-1998, WITH COMPARISONS 1/**

Federal Milk Order <u>2/</u>	Annual Averages <u>3/</u>			1998 Compared to:	
	1996	1997	1998	1997	1996
	Dollars per cwt.				
New England <u>4/</u>	14.22	13.24	14.89	1.65	0.67
New York-New Jersey	14.18	12.75	14.70	1.95	0.52
Middle Atlantic	14.37	12.94	14.90	1.96	0.53
Northeast Average <u>3/</u>	14.24	12.92	14.79	1.87	0.55
Carolina	15.92	14.34	16.08	1.74	0.16
Southeast	15.05	13.56	15.36	1.80	0.31
Florida Orders Combined	17.26	15.89	17.43	1.54	0.17
Southeast Average <u>3/</u>	15.78	14.37	16.07	1.70	0.29
Southern Michigan	14.20	12.93	14.84	1.91	0.64
Eastern Ohio-Western Pa.	14.39	12.92	15.01	2.09	0.62
Ohio Valley	14.52	12.99	14.93	1.94	0.41
Indiana	14.37	13.08	14.97	1.89	0.60
Chicago Regional <u>5/</u>	14.36	13.21	15.36	2.15	1.00
S. Illinois-E. Missouri	13.99	12.71	14.52	1.81	0.53
Louis.-Lex.-Evans.	14.71	13.29	15.06	1.77	0.35
Upper Midwest <u>5/</u>	14.19	12.92	15.27	2.35	1.08
Nebraska-Western Iowa	13.94	12.73	14.52	1.79	0.58
Iowa	14.20	12.95	14.67	1.72	0.47
Midwest Average <u>3/</u>	14.29	13.04	15.13	2.09	0.84
Texas	14.03	12.82	14.72	1.90	0.69
Southwest Plains	13.63	12.28	14.16	1.88	0.53
Eastern Colorado	13.96	12.23	14.58	2.35	0.62
S.W. Idaho-E. Oregon	13.32	11.64	13.39	1.75	0.07
Great Basin	13.30	11.68	13.85	2.17	0.55
New Mexico-West Texas	12.98	12.01	13.71	1.70	0.73
Pacific Northwest	13.54	12.36	14.59	2.23	1.05
West Average <u>3/</u>	13.61	12.29	14.33	2.04	0.72
All Market Average <u>3/</u>	14.28	12.99	14.99	2.00	0.71

1/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 2/ Federal milk orders for which information could be released. 3/ All averages are weighted using the proportion of monthly producer deliveries marketed under the respective order or group of orders for which the price is reported. 4/ Includes Northeast Dairy Compact Over Order Producer Price. 5/ Includes payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

Note: This report presents USDA's first projections of U.S. milk supply, use, and prices for the 1999/2000 marketing year.

Recent high milk prices and moderate feed costs are expected to result in growth in dairy production through 1998/99 and into 1999/2000. Continued growth in milk per cow is expected to drive higher milk production. Demand is forecast to remain firm, but prices are forecast to decline through 1999/2000 due to increased supplies.

U.S. MILK SUPPLY AND USE

Item	1997/98	1998/99 Projection <u>1/</u>		1999/00 Projection <u>1/</u>		
	<u>1/</u>	April	May	May		
SUPPLY	BILLION POUNDS					
BEGINNING COMMERCIAL STOCKS <u>2/ 23/</u>	5.9	5.8	5.8	5.8		
PRODUCTION	156.5	161.3	161.5	165.3		
FARM USE	1.4	1.3	1.3	1.2		
MARKETINGS	155.2	160.0	160.2	164.0		
IMPORTS <u>2/</u>	4.0	3.7	3.7	3.4		
TOTAL COMMERCIAL SUPPLY <u>2/</u>	165.1	169.5	169.6	173.2		
USE						
COMMERCIAL USE <u>2/ 3/</u>	158.6	163.4	163.5	166.7		
ENDING COMMERCIAL STOCKS <u>2/</u>	5.8	5.8	5.8	5.6		
CCC NET REMOVALS:						
MILKFAT BASIS <u>4/</u>	0.7	0.3	0.3	0.9		
SKIM SOLIDS BASIS <u>4/</u>	4.5	4.2	4.3	2.6		
DOLLARS PER CWT.						
PRICES RECEIVED BY FARMERS <u>5/</u>						
BASIC FORMULA (BFP)	13.28	12.75-13.05	12.85-13.05	11.05-12.05		
ALL MILK <u>6/</u>	14.56	14.45-14.75	14.50-14.70	12.50-13.50		
MILLION POUNDS						
CCC PRODUCT NET REMOVALS <u>4/</u>						
BUTTER	21	5	5	35		
CHEESE	8	7	7	6		
NONFAT DRY MILK	368	350	360	215		
	QUARTERLY <u>7/</u>			ANNUAL <u>7/</u>		
	1999 II	1999 III	1999 IV	1999	2000	
	BILLION POUNDS					
	MILK PRODUCTION	42.1	39.9	39.8	162.4	165.8
	DOLLARS PER CWT.					
ALL MILK PRICE <u>5/ 6/</u>	12.35-12.65	11.90-12.50	13.15-14.05	13.30-13.80	12.75-13.75	
BASIC FORMULA PRICE <u>5/</u>	11.10-11.40	10.75-11.35	11.70-12.60	11.55-12.05	11.30-12.30	

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-350, World Agricultural Outlook Board, USDA, May 12, 1999.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
FEBRUARY 1999, WITH COMPARISONS**

In February 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.02 per cwt., \$2.41 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.56, down \$1.79; Southeast, \$18.93, down \$.11; Midwest, \$14.22, down \$3.22 and West, \$14.09 down \$2.52. Compared to February 1998, mailbox milk prices increased \$.55 per cwt. on the average. Regional changes from the previous year were: +\$1.25 in the Northeast, +\$3.16 in the Southeast, -\$.33 in the Midwest, and +\$.33 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	February 1998	January 1999	February 1999
	<u>Dollars per hundredweight</u>		
New England	14.14	17.16	15.80
New York-New Jersey	14.32	17.58	15.30
Middle Atlantic	14.50	17.04	15.84
Northeast Average <u>3/</u>	14.31	17.35	15.56
Carolina	16.03	19.11	19.18
Southeast	15.02	18.40	18.10
Florida <u>4/</u>	16.89	20.27	20.32
Southeast Average <u>3/</u>	15.77	19.04	18.93
Southern Michigan	14.47	17.85	16.44
Eastern Ohio-Western Pa.	14.56	18.12	16.23
Ohio Valley	14.51	18.28	16.90
Indiana	14.61	18.24	17.49
Chicago Regional <u>5/</u>	14.62	17.44	12.91
S. Illinois-E. Missouri	14.55	18.12	16.39
Louis.-Lex.-Evans.	14.96	18.54	18.14
Upper Midwest <u>5/</u>	14.51	16.77	13.24
Nebraska-Western Iowa	14.34	16.60	13.73
Iowa	14.36	17.25	13.36
Midwest Average <u>3/</u>	14.55	17.44	14.22
Texas	14.40	17.09	14.96
Southwest Plains	13.83	17.20	14.68
Eastern Colorado	13.96	17.49	15.26
S.W. Idaho-E. Oregon	13.35	15.96	11.70
Great Basin	12.93	16.21	13.33
New Mexico-West Texas	13.29	16.17	13.93
Pacific Northwest	13.68	16.07	14.42
West Average <u>3/</u>	13.76	16.61	14.09
All-Market Average <u>3/</u>	14.47	17.43	15.02

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF MAY 10 - 14, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 05/07/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	8,344,551	489,396	7,855,155	86,470,866	72,582,028	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8,344,551	489,396	7,855,155	86,470,866	72,582,028	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 10 - 14, 1999 =	1.7	91.4	COMPARABLE WEEK IN 1998 =	1.9	98.8
CUMULATIVE SINCE OCTOBER 1, 1998 =	19.0	1,006.5	CUMULATIVE SAME PERIOD LAST YEAR =	16.0	844.8
CUMULATIVE JANUARY 1 - MAY 14, 1999 =	19.0	1,005.3	COMPARABLE CALENDAR YEAR 1998 =	14.2	753.4

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	6,170,326	6,823,200	7.1	9.4
WEST	-0-	-0-	-0-	-0-	80,300,540	65,560,469	92.9	90.3
EAST	-0-	-0-	-0-	-0-	-0-	198,359	0.0	0.3
TOTAL	-0-	-0-	-0-	-0-	86,470,866	72,582,028	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 04/24/99 & Comparable Week 1998 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.0	5.6	5.9	18.0	1.9	2.2	0.6	9.2	2.5	47.2	812.9
1998-Dairy cows HD (000)	0.3	1.3	5.7	5.1	20.1	2.5	2.4	0.8	10.0	3.2	51.5	945.3
1999-All cows HD (000)	0.2	1.0	7.7	17.0	25.3	13.6	16.4	4.7	11.9	7.3	105.2	1,842.4
1998-All cows HD (000)	0.3	1.4	7.8	15.2	28.0	16.6	17.4	5.4	12.5	6.6	111.2	1,932.8

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS

JULY 1999 - JUNE 2000 DELIVERY

	MINIMUM/MAXIMUM
PROCESS	
2# PROCESS LOAF	5,000,000/10,000,000
5# PROCESS LOAF	11,000,000/18,000,000
PROCESS SLICED	17,000,000/30,000,000
MOZZARELLA	
LMPS	16,000,000/20,000,000
LITE	1,500,000/3,000,000
LMPS SHREDDED	1,000,000/3,000,000
MOZZARELLA LITE SHREDDED	2,000,000/6,000,000
CHEDDAR	
CHEDDAR BLOCKS	2,000,000/4,500,000
CHEDDAR CUTS	1,000,000/3,500,000
SHREDDED	1,250,000/2,500,000
REDUCED FAT BLOCKS	100,000/1,000,000
REDUCED FAT CUTS	1,500,000/3,000,000
REDUCED FAT SHREDDED	2,000,000/5,000,000
BARRELS	2,500,000/4,500,000

CCC HAS ANNOUNCED CONTRACTS WILL BE AWARDED FOR INDEFINITE QUANTITY CONTRACTS WITH A ONE YEAR OPTION. CONTRACT PRICES WILL BE BASED ON THE OFFERED DIFFERENTIAL PRICE AND THE PREVIOUS MONTH'S AVERAGE CASH CHEESE TRADING ON THE CHICAGO MERCANTILE EXCHANGE. THE MINIMUM AND MAXIMUM ANNUAL QUANTITIES FOR EACH COMMODITY IS LISTED ON THE LEFT SIDE OF THIS SECTION. THIS IS A CHANGE FROM THE MONTHLY CCC PURCHASES PREVIOUSLY REPORTED.

OFFERS ARE DUE MAY 14.

PUBLIC RELEASE OF AWARDS IS SCHEDULED FOR 4:00 P.M. CDT ON MAY 19.

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 47,250,031

THIS COMPARES TO 47,474,195 DURING THE COMPARABLE PERIOD LAST YEAR.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
16.27	10.27	11.62	11.81									

1999

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF MAY 10 - 14, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 05/07/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	8,344,551	489,396	7,855,155	86,470,866	72,582,028	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8,344,551	489,396	7,855,155	86,470,866	72,582,028	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 10 - 14, 1999 =	1.7	91.4	COMPARABLE WEEK IN 1998 =	1.9	98.8
CUMULATIVE SINCE OCTOBER 1, 1998 =	19.0	1,006.5	CUMULATIVE SAME PERIOD LAST YEAR =	16.0	844.8
CUMULATIVE JANUARY 1 - MAY 14, 1999 =	19.0	1,005.3	COMPARABLE CALENDAR YEAR 1998 =	14.2	753.4

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	6,170,326	6,823,200	7.1	9.4
WEST	-0-	-0-	-0-	-0-	80,300,540	65,560,469	92.9	90.3
EAST	-0-	-0-	-0-	-0-	-0-	198,359	0.0	0.3
TOTAL	-0-	-0-	-0-	-0-	86,470,866	72,582,028	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

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Regions*											U.S. TOTAL		% DAIRY OF ALL									
											1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
1999-Dairy cows	HD (000)	0.2	1.0	5.6	5.9	18.0	1.9	2.2	0.6	9.2	2.5	47.2	812.9	44.9	44.1							
1998-Dairy cows	HD (000)	0.3	1.3	5.7	5.1	20.1	2.5	2.4	0.8	10.0	3.2	51.5	945.3	46.3	48.9							
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1999